

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Collection Agency License of:

No. 09F-BD083-BNK

3 **CHILD SUPPORT NETWORK, INC. AND**
4 **DANIEL M. JACOBSON, PRESIDENT**
5 212 East Osborn Road, Suite 210
6 Phoenix, Arizona 85012

CONSENT ORDER

Petitioners.

7 On July 29, 2009, the Arizona Department of Financial Institutions ("Department") issued a
8 Notice of Hearing, alleging that Petitioners had violated Arizona law. Wishing to resolve this matter
9 in lieu of an administrative hearing, Petitioners do not contest the following Findings of Fact and
10 Conclusions of Law, and consent to the entry of the following Order.

11 **FINDINGS OF FACT**

12 1. Petitioner Child Support Network, Inc. ("CSN") is an Arizona corporation authorized to
13 transact business in Arizona as a collection agency within the meaning of A.R.S. §§ 32-1001, *et seq.*
14 The nature of CSN's business is that of a collection agency within the meaning of A.R.S. § 32-
15 1001(2).

16 2. Petitioner Daniel M. Jacobson ("Mr. Jacobson") is the President of CSN. Gary Katz
17 ("Mr. Katz") is the general counsel for CSN. Mr. Jacobson is authorized to transact business in
18 Arizona as a collection agency within the meaning of A.R.S. §§ 32-1001, *et seq.*

19 3. CSN and Mr. Jacobson are not exempt from licensure as a collection agency within the
20 meaning of A.R.S. § 32-1004.

21 4. On June 26, 2006, the Department received a consumer complaint from a Florida resident
22 ("Complainant"), who alleged that CSN exhibited dishonesty, gross negligence, made a disclosure to
23 a third party, and made misrepresentations while attempting to collect a debt. Complainant stated
24 that CSN misrepresented the remedies available to CSN and threatened to fax a request to the motor
25 vehicle division and have Complainant's driver's license suspended for failure to pay the debt.
26 Complainant included a recorded disc as evidence. Complainant stated that CSN's collector

1 continued to contact his employer after being ordered by the employer to cease this practice. The
2 recording provided by Complainant also confirmed that CSN threatened to fax a wage garnishment
3 Order to Complainant's human resources department if Complainant failed to pay.

4 5. According to Complainant, CSN made representations to Complainant's father that
5 Complainant would be jailed if his father failed to pay the debt on Complainant's behalf.
6 Complainant stated that out of fear, his father wrote a check to CSN for two thousand, one hundred
7 twenty six dollars (\$2,126.00), which equaled ten percent (10%) of the outstanding debt.

8 6. On June 29, 2006, the Department mailed a copy of the consumer complaint to CSN and
9 requested a response within ten (10) days regarding matters described by Complainant.

10 7. On July 7, 2006, CSN responded that the case was being litigated in the First Judicial
11 Court in Florida with Complainant as petitioner and CSN as respondent. The Complainant filed a
12 Notice of Voluntary Dismissal in case number 05CA437 in the Circuit Court of the First Judicial
13 Circuit in and for Okaloosa County, Florida on August 17, 2006.

14 8. On November 28, 2006, the Department mailed a letter to Complainant and requested
15 copies of any further documentation regarding this matter.

16 9. Based upon the above findings, the Department issued and served upon CSN and Mr.
17 Jacobson an Order to Cease and Desist; Notice of Opportunity for Hearing; Consent to Entry of
18 Order ("Cease and Desist Order") on May 21, 2009.

19 10. On June 24 2009, the Department received Petitioners' Request For Hearing/Notice
20 of Appeal to appeal the Cease and Desist Order.

21 CONCLUSIONS OF LAW

22 1. Pursuant to Title 6 and Title 32, Chapter 9 of the Arizona Revised Statutes, the
23 Superintendent has the authority and the duty to regulate all persons engaged in the collection
24 agency business and with the enforcement of statutes, rules, and regulations relating to collection
25 agencies.

26 2. By the conduct, set forth above, Child Support Network, Inc. and Mr. Jacobson violated

1 the following:

2 a. A.R.S. § 32-1051(4) and A.A.C. R20-4-1510(C), by engaging in unfair or
3 misleading practices, resorting to any oppressive, vindictive or illegal means
4 or methods of collection and threatening to take any action that cannot legally
5 be taken or that is not intended to be taken; and

6 b. A.A.C. R20-4-1512(B), by informing a third party relative about an obligation
7 and pressuring the third party relative to pay for the obligation.

8 3. Petitioners do not meet any of the exemptions to the licensing requirements set forth in
9 A.R.S. § 32-1004(A).

10 4. Pursuant to A.R.S. § 32-1053(A)(3), Petitioners' violation of any applicable, law, rule, or
11 order are grounds for license denial, suspension, or revocation.

12 5. The violations, set forth above, constitute grounds for: (1) the issuance of an order
13 pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the violative conduct and to
14 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
15 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
16 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
17 suspension or revocation of Petitioners' license pursuant to A.R.S. § 32-1053; (4) an order to pay
18 restitution of any fees earned in violation of A.R.S. §§ 32-1001, *et seq.*, pursuant to A.R.S. §§ 6-
19 131(A)(3) and 6-137; and (5) an order or any other remedy necessary or proper for the enforcement
20 of statutes and rules regulating collection agencies pursuant to A.R.S. §§ 6-123 and 6-131.

21 **ORDER**

22 1. Child Support Network, Inc. and Mr. Jacobson shall immediately stop the violations
23 set forth above in the Findings of Fact and Conclusions of Law; specifically:

24 a. Petitioners shall not engage in unfair or misleading practices, resort to any
25 oppressive, vindictive or illegal means or methods of collection, or threaten to
26 take any action that cannot legally be taken or that is not intended to be taken;

1 and

2 b. Petitioners shall not disclose the nature of debts to any third parties, and shall
3 not pressure third parties into paying or accept payment of a debt from a third
4 party.

5 2. Petitioners shall not employ collection agent Jim Steele at any time.

6 3. Child Support Network, Inc. and Mr. Jacobson shall immediately pay to the
7 Department a civil money penalty in the amount of **two thousand, five hundred dollars**
8 **(\$2,500.00)**. Petitioners are jointly and severally liable for payment of the civil money penalty.

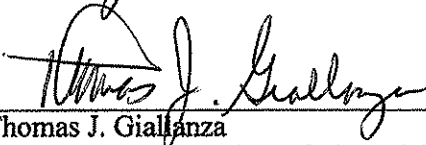
9 4. Child Support Network, Inc. and Mr. Jacobson shall comply with all Arizona statutes
10 and rules regulating Arizona collection agencies, A.R.S. §§ 32-1001, *et seq.*

11 5. The provisions of this Order shall be binding upon Petitioners, and resolves the
12 Notice of Hearing, subject to compliance with the requirements of this Order. Should Petitioners fail
13 to comply with this Order, the Superintendent shall institute further disciplinary proceedings.

14 6. The provisions of this Order shall be binding upon Petitioners, their employees,
15 agents, and other persons participating in the conduct of the affairs of Child Support Network, Inc.

16 7. This Order shall become effective upon service, and shall remain effective and
17 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
18 or set aside.

19 SO ORDERED this 26th day of August, 2009.

20
21 
22 Thomas J. Giallanza
Assistant Superintendent of Financial Institutions

23 **CONSENT TO ENTRY OF ORDER**

24 1. Petitioners acknowledge that they have been served with a copy of the foregoing
25 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
26

1 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

2 2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the
3 foregoing Findings of Fact, Conclusions of Law, and Order.

4 3. Petitioners state that no promise of any kind or nature has been made to induce them
5 to consent to the entry of this Order, and that they have done so voluntarily.

6 4. Petitioners agree to cease from engaging in the violative conduct set forth above in
7 the Findings of Fact and Conclusions of Law.

8 5. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent
9 is solely to settle this matter and does not preclude this Department, any other agency or officer of
10 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in
11 the future.

12 6. Gary Katz, on behalf of Child Support Network, Inc., represents that he is the General
13 Counsel, and that, as such, has been authorized by Child Support Network, Inc. to consent to the
14 entry of this Order on its behalf.

15 7. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest
16 the validity of this Consent Order.

17 DATED this 12th day of August, 2009.

18
19 By: 

20 Gary Katz, General Counsel
Child Support Network, Inc.

21 ORIGINAL of the foregoing filed this 20th
22 day of August, 2009, in the office of:

23 Felecia A. Rotellini
24 Superintendent of Financial Institutions
25 Arizona Department of Financial Institutions
26 ATTN: June Beckwith
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

1 COPY mailed same date to:

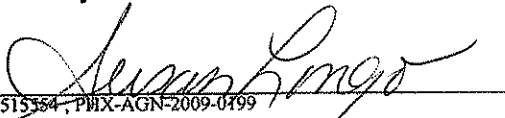
2 Lewis D. Kowal, Administrative Law Judge
3 Office of the Administrative Hearings
4 1400 West Washington, Suite 101
Phoenix, AZ 85007

5 Erin O. Gallagher, Assistant Attorney General
6 Office of the Attorney General
7 1275 West Washington
Phoenix, AZ 85007

8 Thomas J. Giallanza, Assistant Superintendent
9 Richard Traveler, Senior Examiner
Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

10 AND COPY MAILED SAME DATE by
11 Certified Mail, Return Receipt Requested, to:

12 Cynthia Fulton, Esq.
13 Fulton, Friedman & Gullace LLP
14 130 N. Central Ave., Ste. 200
Phoenix, AZ 85004
Attorney for Petitioners

15 
16 #515354, PHX-AGN-2009-0499

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